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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JULY 9, 1999

APPLICATION OF

FIRST REGIONAL TELECOM, LLC

CASE NO. PUC990090

For a waiver of certain Rules
for Local Exchange Competition

ORDER GRANTING WAIVERS

First Regional Telecom, LLC ("First Regional" or "the Company") holds a certificate of public convenience and necessity, No. T-404, authorizing it to provide local exchange telecommunications services in Virginia.¹ On May 13, 1999, First Regional filed an application for waiver of certain Commission Rules for Local Exchange Competition ("Local Rules").² The Company supplemented its application on May 17, 1999.

First Regional seeks to offer a prepaid, month-by-month, residential local exchange service option at rates that would exceed the comparable tariffed local exchange services provided by the incumbent local exchange carrier in the same local service territory. The prepaid service would provide unlimited monthly local calling, but would block all toll calls. First

¹ Application of First Regional Telecom, LLC, Case No. PUC970178, Final Order (Feb. 17, 1998).

² 20 VAC 5-400-180.

Regional therefore requests a waiver of the price ceiling requirement in Local Rule § D.3; the requirement in Local Rule § C.1.f for equal access to interLATA long distance carriers; and the intraLATA access requirements of Local Rule § C.5.

The Company states in its application that the service is targeted towards residential end-users whose telephone service has been disconnected for nonpayment of local charges, customers who have voluntarily left their underlying carriers, or those who have chosen this alternative type of service for "money management reasons." First Regional will not require deposits or credit checks with this proposed prepaid service.

Unlike other local exchange providers who offer a "less than basic" local exchange service offering to the same target market, First Regional will be providing access to directory assistance and access to operator services to its residential prepaid local exchange service customers. Thus, the Company does not seek a waiver of Local Rules §§ C.1.d and C.1.e. The Company intends on billing for its directory assistance and operator services on a post-paid monthly basis to its prepaid customers.

NOW THE COMMISSION, upon consideration of First Regional's application and the applicable Local Rules, finds that the Company's requested waivers should be granted, subject to certain conditions to safeguard the public interest. Under

Local Rule § D.3.d, the Commission may permit rates of a new entrant's local exchange service(s) that do not conform with the price ceiling established in Local Rule § D.3.c, unless there is a showing that the public interest will be harmed.

While the prepaid, month-by-month, residential local exchange service First Regional proposes to offer does not fully conform with the Local Rules, the Commission does not conclude at this time that it will harm the public interest. It may enable certain individuals, who are not otherwise eligible for traditional telephone service, to acquire some form of local telephone service.

In accordance with Local Rule § D.3.d, the Commission will allow First Regional to offer the proposed service without the price ceilings established by § D.3.c. In addition, we waive the following § C conditions for certification: § C.1.f, equal access to interLATA long distance carriers, and § C.5, access to intraLATA services.

First Regional may offer its residential prepaid local exchange service in Virginia only with these waivers and subject to the following conditions:

1. First Regional shall provide full disclosure to consumers about the features it will and will not furnish with its prepaid, month-by-month, local exchange service. Sales brochures and other marketing and advertising materials must

prominently disclose that service is restricted to residential customers and that customers will have no access to interLATA and intraLATA long distance services.

2. The waivers granted herein are limited solely to the residential prepaid, month-by-month, local service described in First Regional's filing.

3. To the extent the Company offers any other local exchange services, those services must be in full compliance with all Commission rules and regulations unless additional waivers are granted.

4. Any subsequent increase in the rate for First Regional's residential prepaid, month-by-month, local exchange service shall be subject to thirty (30) days' notice to the Commission and notice to customers provided through billing inserts or publication for two (2) successive weeks as display advertising in newspapers having general circulation in the areas served by the Company.

5. If any time First Regional initiates a requirement for customer deposits for its residential prepaid, month-by-month, local exchange service, any deposits collected by the Company shall be retained in an unaffiliated third-party escrow account until such time as the Staff or Commission determines it is no longer necessary.

The waivers granted for First Regional's residential prepaid, month-by-month service are subject to revocation, alteration, or the imposition of additional conditions such as pricing restrictions in the event the Commission subsequently determines the service is operating improperly or is not in the public interest. Accordingly,

IT IS ORDERED THAT:

(1) Subject to the conditions set forth above, First Regional is granted waivers from the requirements of §§ C.1.f, C.5, and D.3 of the Local Rules in order to offer its residential prepaid, month-by-month local exchange service;

(2) First Regional shall provide disclosure to consumers as described above;

(3) First Regional is permitted to price its prepaid, month-by-month local exchange service without conforming to the price ceiling requirements of § D.3.c of the Local Rules;

(4) First Regional shall file tariffs with the Division of Communications that conform with all applicable Commission rules and regulations, as modified by the waivers granted herein;

(5) This case shall remain open to evaluate First Regional's residential prepaid, month-by-month, local exchange service.